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301508Z Aug 01

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	CTME-00	INL-00	USNW-00	DODE-00	DOTE-00	SRPP-00	DS-00
	EB-00	EXIM-01	E-00	FAAE-00	VC-00	FRB-00	H-01
	TEDE-00	INR-00	ITC-01	LAB-01	L-00	VCE-00	MED-07
	AC-01	DCP-01	NSAE-00	NSCE-00	OMB-01	OPIC-01	PA-00
	PM-00	PRS-00	ACE-00	P-00	SP-00	SSO-00	SS-00
	STR-00	TRSE-00	T-00	USIE-00	R-00	EPAE-00	PMB-00
	DSCC-00	DRL-02	G-00	NFAT-00	SAS-00	SWCI-00	/018W

18EAD7 301519Z /38

FM AMEMBASSY HARARE
TO SECSTATE WASHDC IMMEDIATE 9601

C O N F I D E N T I A L SECTION 01 OF 03 HARARE 002567

SIPDIS

FOR AF, AF/S, AND EPS; ALSO FOR EB

E.O. 12958: DECL: 08/30/06

TAGS: PREL ECON CG ZI

SUBJECT: PROPOSAL FOR LIMITED, SPECIFIED TECHNOLOGY
SANCTIONS FOR ZIMBABWE

REF: (A) LUSAKA 2532, (B)IIR 6926 005701

CLASSIFIED BY DCM REWHITEHEAD DUE TO 1.5 (B) AND (D).

¶1. (C) SUMMARY. IN ADDITION TO ASSET SEIZURE AND TRAVEL SANCTIONS FOCUSED ON A SMALL NUMBER OF TOP GOZ
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OFFICIALS IMPLICATED IN POLITICAL VIOLENCE AND THE BREAKDOWN OF THE RULE OF LAW (REF A), THE HARARE COUNTRY TEAM HAS ALSO EXPLORED WHAT VIABLE TECHNOLOGY/DUAL USE SANCTIONS MIGHT BE CONSIDERED. IDENTIFICATION OF ANY MEANINGFUL SANCTIONS THAT WOULD NOT ADVERSELY AFFECT CRITICAL POPULATION GROUPS HAS BEEN DIFFICULT. THE LOW-TECH NATURE OF ZIMBABWE'S ECONOMY, THE ZIMBABWE DEFENSE FORCE'S (ZDF) DEPENDENCE ON (FORMER) EAST-BLOC HARDWARE, AND THE LACK OF INFORMATION ON COMMERCIAL LINKS BETWEEN PARASTATAL/ZANU-PF COMPANIES AND U.S. SUPPLIERS ARE IMPEDIMENTS TO TIGHTLY FOCUSED SANCTIONS THAT COULD PINCH THE ZANU-PF RINGLEADERS WITHOUT INFILCTING SERIOUS COLLATERAL DAMAGE ON THE ECONOMY.

¶2. (C) SUMMARY CONTINUED. WE HAVE IDENTIFIED A SHORT LIST OF OUTMODED U.S. EQUIPMENT WITHIN THE ZDF INVENTORY THAT COULD BE TARGETED, BUT TO MINIMAL EFFECT. WE WILL FORWARD A LIST OF ZANU-PF-OWNED COMPANIES TO THE DEPARTMENT TO DETERMINE IF THERE IS INFORMATION IN WASHINGTON OR ELSEWHERE ON LINKS TO U.S. SUPPLIERS. UN STUDIES ON EXPLOITATION OF THE DEMOCRATIC REPUBLIC OF CONGO'S (DRC) RESOURCES MAY OFFER ANOTHER, MORE INTERNATIONAL APPROACH. EVEN HERE WE WILL NEED TO TREAD CAREFULLY, SINCE MANY PARASTATAL/ZANU-PF FIRMS DEAL IN CONSUMER OR SERVICE PRODUCTS. SANCTIONS ON THESE WOULD RISK GENERATING UNEMPLOYMENT AND FURTHER SLOWDOWN OF THE ZIMBABWEAN ECONOMY, CREATING THE IMPRESSION AMONG ZIMBABWEANS THAT THE U.S. DOES NOT DIFFERENTIATE BETWEEN BABY AND BATH. END SUMMARY.

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BACKGROUND

¶3. (C) THE EMBASSY'S CAREFUL PREPARATIONS FOR Y2K REVEALED INTERESTING INSIGHTS INTO ZIMBABWE'S ECONOMY. BECAUSE OF INTERNATIONAL SANCTIONS IMPOSED DURING THE UDI PERIOD, ZIMBABWE WAS FORCED TO BECOME AS SELF-RELIANT AS POSSIBLE. ONE RESULT WAS A RELATIVELY LOW-TECH APPROACH TO BOTH THE MANUFACTURING AND SERVICE SECTORS. GLOBAL TECHNOLOGY MARCHED FORWARD BUT ZIMBABWE DID NOT. MUCH OF ITS TECHNOLOGY AND MANUFACTURING REMAINS TECHNOLOGICALLY STUCK IN THE 1960'S, 1970'S OR 1980'S, DEPENDING UPON THE SECTOR IN QUESTION. THIS REMAINS TRUE OF THE MILITARY ESTABLISHMENT AS WELL -- OUR Y2K SURVEY INDICATED THAT THERE WERE LESS THAN 100 COMPUTERS IN THE MOD, ALMOST ALL OF THESE STAND-ALONES AND MANY NOT COMPATIBLE.

¶4. (C) SINCE INDEPENDENCE, SOME SECTORS HAVE MODERNIZED DUE TO FOREIGN INVESTMENT AND THE AVAILABILITY OF UP-TO-

DATE TECHNOLOGY. FOREIGN INVESTORS LAUNCHED SEVERAL WORLD CLASS MINING OPERATIONS (SOME NOW CLOSED). THE COMMERCIAL FARMING SECTOR, WHICH IMPORTS MANY OF ITS CHEMICAL AND MECHANICAL INPUTS, ALSO TAKES A BACK SEAT TO NO ONE. HOWEVER, BOTH OF THESE SECTORS HAVE SUFFERED SHARP DOWNTURNS DUE TO UNREALISTIC EXCHANGE RATES, THE CONCOMITANT UNAVAILABILITY OF FOREX, AND UNENLIGHTENED GOZ POLICIES ACROSS THE BOARD. ALREADY ON THE ROPES, THESE SECTORS WILL BE FURTHER WEAKENED BY EXTERNAL SANCTIONS. THE MEDICAL SECTOR ALSO ENJOYED SIGNIFICANT TECHNOLOGICAL ADVANCES, ALTHOUGH MANY OF THESE ARE IN

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THE PROCESS OF BEING ROLLED BACK BY A DEARTH OF FUNDING AND A LACK OF SPARE PARTS. (A RECENT NEWS ACCOUNT INDICATED THAT 100 PATIENTS IN BULAWAYO ARE AT RISK BECAUSE THE DIALYSIS MACHINERY THEY NEED HAS BROKEN DOWN.) IT GOES WITHOUT SAYING THAT THIS IS OFF LIMITS.

MILITARY SANCTIONS

15. (C) IN RECENT YEARS THE ZDF HAS SHOPPED FOR MOST OF ITS MILITARY HARDWARE IN EITHER CHINA OR THE FORMER EAST BLOC. ACQUISITIONS FROM THE WEST HAVE BEEN INCREASINGLY RARE. THE ZDF MAINTAINS IN ITS INVENTORY A FEW VENERABLE AIRCRAFT OF U.S. MANUFACTURE, INCLUDING TWELVE BELL 412 JET RANGERS, EIGHT DAKOTA FIXED-WING TRANSPORTS, AND TWO CESSNA 235'S. VERY FEW OF THESE ARE CURRENTLY AIRWORTHY DUE TO A LACK OF SPARE PARTS. SENIOR ZDF OFFICERS HAVE RECENTLY TOLD US THAT THEY WOULD LIKE TO GET THIS EQUIPMENT ALOFT, PREFERABLY WITH U.S. ASSISTANCE. HOWEVER, THE ROOT OF THE PROBLEM IS MONEY RATHER THAN TECHNOLOGY, SINCE SPARES FOR ALL OF THESE AIRCRAFT ARE READILY AVAILABLE ON THE OPEN MARKET WITHOUT END USER CERTIFICATION, ON A CASH BASIS. THE ZDF'S BUDGET CRUNCH, AND THE DECISION BORN OF NECESSITY

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AC-01	DCP-01	NSAE-00	NSCE-00	OMB-01	OPIC-01	PA-00	
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FM AMEMBASSY HARARE
TO SECSTATE WASHDC IMMEDIATE 9602

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SIPDIS

FOR AF, AF/S, AND EPS; ALSO FOR EB

E.O. 12958: DECL: 08/30/06

TAGS: PREL ECON CG ZI

SUBJECT: PROPOSAL FOR LIMITED, SPECIFIED TECHNOLOGY SANCTIONS FOR ZIMBABWE

TO PUT MONEY INTO SALARIES AND BENEFITS RATHER THAN UPGRADING OR MAINTAINING HARDWARE, IS THE ROOT ISSUE (REF B), NOT THE AVAILABILITY OF PARTS.

DUAL USE TECHNOLOGY

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16. (C) ZIMBABWE MILITARY INDUSTRIES (ZMI), ANOTHER VESTIGE OF THE UDI POLICY OF SELF-RELIANCE, MANUFACTURE A RANGE OF MILITARY EQUIPMENT. OUTPUT IS TAILORED FOR THE ZDF AND OTHER SECURITY SERVICES. UNIFORMS AND KIT ARE THE MOST SIGNIFICANT ITEMS. LIGHT WEAPONRY PRODUCTION INCLUDES HAND GRENADES, SMALL ARMS MUNITIONS, 40 MM ROCKET LAUNCHERS AND ROCKETS, 60 MM MORTAR TUBES AND SHELLS, 81 MM AND 120 MM MORTAR SHELLS. OTHER WEAPONS SYSTEMS AND HEAVY MUNITIONS ARE ALL IMPORTED. WE HAVE BEEN ABLE TO IDENTIFY ONLY ONE U.S. LINK TO THE ZMI IMPORT/EXPORT CYCLE, THE EXPORT OF APPROXIMATELY 20,000 ROUNDS OF SMALL CALIBER HUNTING AMMUNITION TO A CALIFORNIA BUYER.

OTHER OPTIONS

17. (C) BOTH SENIOR MILITARY AND ZANU-PF OFFICIALS, IN ADDITION TO THE RULING PARTY ITSELF, SHARE OWNERSHIP IN A DIVERSE BUSINESS EMPIRE THAT RANGES FROM TRANSPORTATION TO TOURISM TO FINANCE TO MINING AND MANUFACTURE TO TELECOMMUNICATIONS. WE HAVE ACQUIRED A USEFUL STUDY DONE IN 2000 THAT LISTS THESE HOLDINGS AND THAT REVEALS SOME OF THE ZANU-PF OFFICIALS INVOLVED BEHIND THE SCENES, INCLUDING IN VENTURES IN THE DRC.

18. (C) FOCUSING ON THE DRC ECONOMIC CONNECTIONS (TECHNOLOGICALLY OR OTHERWISE) SHOULD BE CONSIDERED,
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SINCE THE REVENUES FROM ZIMBABWEAN VENTURES THERE FLOW INTO THE PRIVATE ACCOUNTS OF ZANU-PF INSIDERS AND NOT THE ZIMBABWEAN TREASURY. THE LOSS OF THESE REVENUES WOULD HAVE LITTLE EFFECT ON THE ZIMBABWEAN ECONOMY BUT WOULD BE FELT DIRECTLY BY MUGABE CRONIES. OSLEG LTD., A HOLDING COMPANY, BOASTS ZDF FORCE COMMANDER ZVINAVASHE, MOD PERMANENT SECRETARY TRUST MAPOSA, AND SPEAKER OF THE PARLIAMENT MNANGAGWA ON ITS BOARD OF DIRECTORS. OSLEG HAS INTERESTS IN A RANGE OF DRC MINING AND TIMBER VENTURES: COSLEG, ORYX ZIMCOM, PETRA DIAMONDS LTD., COMIEX CONGO SARL, SENGAMINES/MIBA, TSHIBUA KIMBERLITE DEPOSITS, AND SENGA-SENGA ALLUVIAL MINE.

19. (C) WE WILL PROVIDE AVAILABLE DOCUMENTATION TO AF/S TO DETERMINE IF IT IS POSSIBLE TO USE COMMERCE OR TREASURY DATABASES TO ESTABLISH U.S. LINKAGES WITH ZANU-PF BUSINESS INTERESTS LOCATED IN ZIMBABWE OR DRC. THIS MAY BE THE BEST HOPE OF IDENTIFYING TECHNOLOGIES OR OTHER INSTRUMENTS THAT COULD GIVE TECHNOLOGY SANCTIONS TEETH. CROSS-REFERENCING WITH UN STUDIES THAT TRACE THE OUTSIDE EXPLOITATION OF DRC NATURAL RESOURCES MAY ALSO REVEAL ADDITIONAL LINKAGES AND PROVIDE THE IMPETUS TO PUSH FOR INTERNATIONAL RATHER THAN BILATERAL MEASURES.

LIKELY RESULTS ON GOZ POLICY

10. (C) UNLESS SIGNIFICANT LINKAGES BETWEEN ZANU-PF/ZDF COMPANIES CAN BE ESTABLISHED, COUNTRY TEAM DOES NOT BELIEVE THAT TECHNOLOGY/DUAL-USE SANCTIONS WOULD HAVE A
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MEASURABLE IMPACT ON PRESIDENT MUGABE AND HIS INNER CIRCLE, OR RESULT IN A CHANGE IN GOZ POLICY. MUGABE WOULD UNDOUBTEDLY REACT LOUDLY TO THE ANNOUNCEMENT OF SANCTIONS, HARMFUL OR NOT, AND ATTEMPT TO BEND THESE TO HIS OWN PROPAGANDA PURPOSES. WE DO NOT ANTICIPATE MEANINGFUL RETALIATORY MEASURES, ALTHOUGH THE GOZ COULD THEORETICALLY TAKE ACTION AGAINST THE APPROXIMATELY 45 AMERICAN COMPANIES OR THEIR REPRESENTATIVES OPERATING HERE.

COMMENT

11. (C) ECONOMIC/TECHNOLOGY SANCTIONS LEVIED ON ZIMBABWE MUST BE CAREFULLY FOCUSED TO AVOID COLLATERAL DAMAGE TO AN ALREADY IMPLODING ECONOMY. IN RECENT REMARKS TO THE PRESS IN SOUTH AFRICA, MDC LEADER MORGAN TSVANGARAI REPEATED THAT AT THIS TIME HE OPPOSES

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INTERNATIONAL (ECONOMIC) SANCTIONS, SINCE THE ZIMBABWEAN ECONOMY CANNOT BEAR THE STRAIN. IT IS OUR VIEW THAT TECHNOLOGY OR ECONOMIC SANCTIONS THAT HAVE THE POTENTIAL OR EFFECT OF CREATING ADDITIONAL UNEMPLOYMENT AND ERODING ECONOMIC ACTIVITY WOULD BE SEEN BY MOST ZIMBABWEANS AS SPITEFUL RATHER THAN CONSTRUCTIVE.

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C O N F I D E N T I A L SECTION 03 OF 03 HARARE 002567

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